

Functional Series 200  
USAID Program Assistance

INTERIM UPDATE #3

SUBJECT: PVO Cost-Sharing Policy

NEW MATERIAL: The Advisory Committee on Voluntary Foreign Aid (ACVFA) has brought to Mr. Atwood's attention the need for clarification of USAID's current cost-sharing policy with the PVO community. There is concern about inconsistent implementation of the policy agency-wide.

EFFECTIVE DATE: May 23, 1997

ADMINISTRATOR

USAID/General Notice  
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SUBJECT: PVO Cost-Sharing Policy

The Advisory Committee on Voluntary Foreign Aid (ACVFA) has brought to my attention the need for clarification of USAID's current cost-sharing policy with the PVO community. There is concern about inconsistent implementation of the policy agency-wide.

The Policy Guidance states:

"USAID policy is that the principle of cost-sharing is an important element of the USAID-PVO relationship, but that its application should be flexible and case-specific."

ACVFA and various USAID partners agree that the case-specific and flexible approach called for in this policy has not been uniformly practiced in both the design and award of competed assistance instruments. There has been a tendency to require the 25 percent "point of reference" suggested in the policy as a standard match in these special cases. However, the guidance encourages flexibility. The policy should not be used to either give advantage to or disadvantage applicants. The exact match should be dictated by the "case-specific" circumstances described in the attached policy guidance [USAID-U.S.PVO Partnership Policy Guidance (Sections II.G and III.B) issued in March 1995 and formally adopted by the Agency on April 12, 1995].

Please review all pending and projected Request for Applications (RFAs) for compliance with the current policy. In the next few months further study of this policy's underlying rationale and appropriateness will be done by the Agency in cooperation with our PVO partners. Your participation and feedback also will be solicited as part of the process. I encourage you to take an active role in the study. I appreciate your

cooperation in the review as well.

J. Brian Atwood

Point of Contact: Any questions concerning this Notice may be directed to: John Grant, BHR/PVC,(202) 712-0840.

See Handbook 1 for the USAID - U.S. PVO Partnership Policy Paper

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